



AVENIR DIVERSIFIED INCOME TRUST

Avenir Diversified Income Trust Posts 2005 Year End Results

March 29, 2006 News Release

AVENIR DIVERSIFIED INCOME TRUST (the "Trust", TSX: AVF.UN) is pleased to announce the financial and operational results for the year ended December 31, 2005 and to announce they have filed the Management Discussion and Analysis and Audited Consolidated Financial Statements for the years ended December 31, 2005 and 2004 on SEDAR. An electronic copy of these documents may be obtained on the Trust's SEDAR profile at www.sedar.com, or the Trust's website at www.avenirtrust.com.

2005 FINANCIAL HIGHLIGHTS & YEAR IN REVIEW

For the year ended	December 31		
	2005	2004 ⁴	% Change
TOTAL CONSOLIDATED FINANCIAL SUMMARY			
Gross Revenue	379,149,120	25,047,961	1414%
Net Revenue	369,162,024	21,907,316	1585%
Funds From Operations (FFO) ¹	56,142,933	10,579,736	431%
FFO Per Unit ¹ - Basic	2.20	1.86	18%
Distributions	34,473,947	6,671,281	417%
Distributions Per Unit - Basic	1.35	1.17	15%
Distribution Payout Ratio ²	61%	63%	-3%
% of Distributions Taxed as Income	100%	75%	33%
Net Income (loss)	22,939,339	4,014,451	471%
Net Income (loss) Per Basic Unit	0.90	0.71	27%
Total Assets	583,626,932	155,314,853	276%
Working Cap. (Net Debt) including mortgages ¹	(26,694,363)	(44,768,923)	40%
Wtd. Avg. Units Outstanding - Basic	25,500,884	5,685,210	349%
Units Outstanding (including escrowed units)	40,692,012	11,671,524	249%
OIL & GAS OPERATIONS			
Production			
Oil and NGL's – bbls per day	1,616	431	275%
Gas – mcf per day	9,494	4,336	119%
Total BOE ³ per day	3,198	1,153	177%
BOE ³ per day Exit Rate	3,540	2,990	17%
Average Pricing			
Oil & NGL (\$/Bbl) before hedging ⁵	50.88	44.11	15%
Oil & NGL (\$/Bbl) after hedging ⁵	46.10	39.66	16%
Natural Gas (\$/mcf)	8.62	6.46	33%
Average Price Per BOE ³ before hedging ⁵	50.54	40.20	26%
Average Price Per BOE ³ after hedging ⁵	48.13	38.53	25%
Gross Reserves (Proved plus Probable 6:1)			
Natural Gas (Mmcf)	27,468.0	19,543.7	41%
Oil & NGL (Mmbl)	3,967.9	3,849.9	3%
Total (Mboe) ³	8,545.9	7,107.2	20%

¹ Funds from operations, Funds from operations per unit, net back, and working capital (net debt) are not recognized measures under Canadian generally accepted accounting principles (GAAP). Funds from operations is calculated by taking net income and adding back non-cash balances such as depletion, depreciation and amortization, asset retirement obligation accretion, gain on sale of real estate properties, stock based compensation expense, unrealized (gain) loss on financial instruments and future income tax recovery. Working capital (net debt) is calculated by taking current assets less current liabilities including capital lease obligations, mortgages (upon mortgage maturity it is the Trust's intention to renew the mortgages on a long term basis at current rates) and long-term debt.

Management believes that these measures are useful supplemental measures to analyze operating performance as they demonstrate the Trust's ability to generate the Funds from operations necessary to fund future distributions and capital investments. The Trust's method of calculating these measures may differ from other issuers, and accordingly, they may not be comparable to measures used by other issuers. Investors should be cautioned that "Funds from operations" and "Funds from operations per unit" should not be construed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP.

² Distribution Payout Ratio is calculated by dividing the Distributions by the Funds from operations.

³ Natural Gas conversion ratio of 6mmcf:1bbl

⁴ Unit and per unit amounts for comparative periods have been restated to incorporate the fifteen-for one unit consolidation and the retroactive application of the changes in accounting policies for transportation charges, as described in notes 3 and 20 to the consolidated financial statements for the year ended December 31, 2004.

⁵ Hedging in this situation means the realized gain or loss on physical delivery contracts and financial commodity fixed price transactions.

Forward Looking Statements

Except for historical financial and operating information contained herein, the matters discussed in this document may be considered forward-looking statements. Such statements include declarations regarding management's intent, belief or current expectations. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties; actual results could differ materially from those indicated by such forward-looking statements. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are: (i) that the information is of a preliminary nature and may be subject to further adjustment, (ii) the possible unavailability of financing, (iii) risks related to the exploration and development of oil and gas properties, (iv) the impact of price fluctuations and the demand and pricing for oil and natural gas, (v) the seasonal nature of the business, (vi) start-up risks, (vii) general operating risks, (viii) dependence on third parties, (ix) changes in government regulation, (x) the effects of competition, (xi) dependence on senior management, (xii) financial condition of real estate tenants and financial services counterparts, (xiii) impact of the Canadian economic conditions or the demand for real estate leasing opportunities, (xiv) fluctuations in currency exchange rates and interest rates.

2005 HIGHLIGHTS & YEAR IN REVIEW

2005 was another successful year for the Avenir Diversified Income Trust. For the year-ended December 31, 2005, the Trust delivered a 24% return to unitholders, including \$1.32 per unit capital appreciation and \$1.30 per unit in distributions paid. Distributions were increased in July 2005 (5%) and in December 2005 (7.8%). Distributions represented a 61% payout of the funds from operations for the year.

It was also another year of growth. The market capitalization of the Trust grew from approximately \$130 million to \$480 million by the end of December 2005. The number of units outstanding increased with two financings, the first closed in March 2005 at a price of \$10.90 per unit for gross proceeds of \$126.5 million and the second closed in October 2005 at a price of \$12.65 per unit, for gross proceeds of \$196.2 million.

Since inception, the Trust has followed a corporate philosophy that combines the cash flow streams from three business units: Energy (oil & gas and energy services), Financial Services and Real Estate. The strategy of the Trust is to diversify risk and maintain attractive yields, with sustainable distributions. Through acquisition, the Trust has been able to successfully grow each of these business units accretively throughout 2005 and generate steady income and capital appreciation for unitholders.

The Trust took a significant step in its diversification strategy with the acquisitions of Elbow River Resources Ltd., a liquids brokerage business, and the purchase of the management company which manages the EnerVest Group of Funds. These acquisitions strengthened our Financial Services business unit and provided new stepping stones for growth. Over the next three years, the Trust will continue with this growth strategy, building each business unit to a size of independence. From the outset, the three business units have been organized to possess their own trust-like characteristics, operate independently, and be managed by experienced industry individuals, with significant input at the Trust level.

Highlights from 2005 include:

- Completing two equity financings totaling approximately \$322.7 million;
- Diversifying and growing the Financial Services business unit;
- Growing the Energy Services division;
- Increasing distributions twice throughout 2005;

- Completing a total of:
 - \$41.3 million in oil and gas acquisitions;
 - \$39.8 million in energy services acquisitions;
 - \$178.5 million in financial services acquisitions; and
- Increase cash flow to approximately \$56.1 million from \$10.6 million in 2004.

So far in 2006, we have completed a number of smaller acquisitions in our Energy Services division and this division is on track for another strong quarter despite a mild winter which restricted access in some areas. The Trust has added to its Oil and Gas asset base through a number of development projects; however the warmer than usual winter has contributed to significantly lower natural gas prices and wider than normal differentials on our southern Alberta medium crude, indicating the first quarter of 2006 in the oil and gas division will not be as robust as the fourth quarter 2005.

EnerVest Diversified Income Trust completed a very successful rights offering in February 2006. Currently the EnerVest management group is marketing a new EnerVest Oil Sands Trust offering, both of which will add to the Trust's fee base through increased assets. Elbow River will also be impacted somewhat by warmer weather reducing natural gas liquids price volatility and therefore business opportunities. However, the Trust's ability to weather commodity price fluctuations with solid results in other aspects of its business is a testament to how our diversification strategy across multiple business lines continues to pay "distributions".

We continue to evaluate acquisition opportunities in all three segments of our Trust and are confident that we will continue to grow in size, liquidity, diversity, cash flow and distributions, as we have demonstrated since our inception. We now have the critical mass to grow internally rather than through acquisitions; through new product offerings in the Elbow River business; through increasing the assets under management within EnerVest; through the acquisition of additional equipment in Energy Services; and by development drilling and re-completions in the Oil and Gas division.

REVIEW OF FINANCIAL RESULTS

The net income for the year ended December 31, 2005 was \$22,939,339 which is up 471% versus the \$4,014,451 net income for the year ended December 31, 2004. The Trust recorded net income of \$14,206,664 for the three months ended December 31, 2005 compared to \$2,955,693 for the three months ended December 31, 2004. The three months ended December 31, 2005 net income was increased from the recognition of \$1,282,621 in non-cash mark-to-market gains related to risk management contracts.

Funds from operations were \$56,142,933 for the year ended December 31, 2005, up 431% as funds from operations for the year ended December 31, 2004 were \$10,579,736. The funds from operations for the fourth quarter 2005 were \$23,152,458 (\$0.58 per unit) up 364%, compared to the fourth quarter 2004 of \$4,991,022 (\$0.53 per unit). The increase in funds from operations was primarily the result of the growth in the Trust's business units, including: oil and gas acquisitions made, continued high commodity prices, strong natural gas liquids marketing results and the initial inclusion of the EnerVest acquisition in October 2005.

The Trust declared distributions of \$34,473,947 (\$1.35 per unit) for the year ended December 31, 2005 which is up 417% over the \$6,671,281 (\$1.17 per unit) distributed for the year ended December 31, 2004. For the fourth quarter 2005 the Trust distributed \$13,941,083 (\$0.35 per unit), to unitholders compared to \$3,053,499 (\$0.32 per unit) for the quarter ended December 31, 2004. On July 14, 2005 the Trust announced a 5% increase in the monthly distribution beginning with the July distribution payable August 15, 2005. On November 28, 2005 the Trust announced a further 7.8% increase in the monthly distribution beginning with the December distribution payable January 16, 2006. The 2005 year end payout ratio was 61% of cash flow and the fourth quarter payout was 60% of cash flow.

Of the 2005 distributions, unitholders will treat 0% as a return of capital and 100% as taxable income or return on capital. This varies from the Trust's previous estimates because of a significantly lower payout ratio (61%) than its 75% to 80% target payout ratio. The lower payout ratio, and correspondingly higher retained income, resulted in lower tax deferral of the distributed income to unitholders.

REVIEW OF BUSINESS UNIT OPERATIONS

I. ENERGY - Oil & Gas Operations

The Oil and Gas unit made significant progress in 2005 completing two corporate acquisitions, two asset acquisitions, one significant property disposition, staffing both operational and administrative teams, setting up two field offices and initiating a development drilling program to provide an internal growth component to the very effective acquisition strategy. Production increased from 2,990 BOE per day at the close of the fourth quarter of 2004 to 3,540 BOE per day at the close the fourth quarter of 2005. As discussed in more detail below, product sales in the fourth quarter averaged 3,213 BOE per day and product sales for the year averaged 3,198 BOE per day. Production for the year averaged 3,220 BOE per day. The slight difference in the sales and production number is due to prior period adjustments and Nova inventory differences. The weighted average realized sales prices by the Trust for the year ended December 31, 2005 was \$8.62/Mcf for natural gas, \$50.75/Bbl for crude oil and \$53.29/Bbl for NGL's.

The oil and gas unit drilled 4 successful operated gas wells (2.0 net) in the Provost area in the fourth quarter. Non-operated wells for the year totalled 79 gross (4.6 net) consisting of 15 gross oil wells (1.7 net), 62 gross gas wells (2.6 net) and 2 gross (0.3 net) dry and abandoned wells. Capital expenditures on development activities totalled approximately \$7.4 million in 2005.

The oil and gas unit of the Trust completed two corporate acquisitions in 2005. The acquisition of Val Vista Energy Ltd. in March for total consideration of \$25.7 million and Makah Energy Corporation in August for \$28.2 million provided the Trust with a new focus area. Operations and land holdings for both companies were focused in the Provost, Castor, Cessford and Wizard Lake areas of central Alberta. In December the Trust closed the acquisition of certain assets in the Grand Forks area of southern Alberta for total cash consideration of \$2.8 million. These lands are located immediately adjacent to the Trust's main core production area. The Trust has held a substantial interest in a very small number of properties in Shekille that have been prone to operational upsets, extended shut-ins of productive wells, high costs and generally difficult and inefficient operations. In November the Trust closed the sale of its interests in the area for total cash consideration of \$6.65 million before adjustments and transaction costs.

Production capability reached approximately 3,700 BOE per day in the fourth quarter but several factors contributed to lower sales volumes for the quarter. Sales volumes for the fourth quarter of 2005 were reduced by 195 BOE per day due to various unplanned outages and restrictions, 181 BOE per day due to an inventory short fall resulting from overselling of gas volumes in the third quarter of 2005 and by 109 BOE per day due to prior period adjustments relating to acquisitions resulting in average daily sales volumes of 3,213 BOE per day for the fourth quarter. Gas inventory imbalances were resolved in the fourth quarter and should not impact sales volumes in future.

Fourth quarter operating costs were \$12.51 per BOE based on product sales volumes and including prior period adjustments. Removing the factors as discussed above in the section on production and despite strong cost pressures in the oil and gas industry, the oil and gas unit was able to achieve a slight reduction in unit operating costs in the fourth quarter compared to the second and third quarters to \$11.47 per BOE. This reduction was due to the bulk of facility turnarounds and maintenance being carried out in the second and third quarters. Unit operating costs for the year were \$11.98 per BOE.

In 2006 capital investment will continue to focus on work-over, re-completion and reactivation projects on company operated lands, partner operated drilling on the Mills/Grouse shallow gas area of northeast Alberta and company operated drilling and development for shallow gas in the southern Alberta Grand Forks and Taber areas. Later in the year attention will shift to the company operated portion of the Noel field in British Columbia pending improvement by the operator in minimizing downtime and to oil prospects in the southern Alberta Grand Forks core area.

Oil and Natural Gas Reserves

In accordance with NI 51-101, McDaniel prepared the McDaniel Report dated March 13, 2006, evaluating the crude oil, natural gas, natural gas liquids and sulphur reserves of the Trust as at December 31, 2005. The tables below are a summary of the Trust's oil, NGL and natural gas reserves and the net present value of future net revenue attributable to such reserves as evaluated in the McDaniel Report based on forecast price assumptions.

Reserves Data - Forecast Prices and Costs Summary of Oil and Gas Reserves

	Gross Reserves				Net Reserves			
	Light and Medium Crude Oil	Heavy Oil	Natural Gas Liquids	Natural Gas	Light and Medium Crude Oil	Heavy Oil	Natural Gas Liquids	Natural Gas
	Mbbls	Mbbls	Mbbls	Mmcf	Mbbls	Mbbls	Mbbls	Mmcf
Proved								
Developed Producing	2,047.0	879.4	98.9	16,972.6	1871.6	831.2	74.6	14,178.9
Developed Non-Producing	22.8	0.0	14.6	2,550.0	20.4	0.0	10.9	2,040.5
Undeveloped	28.1	0.0	3.9	1,132.0	25.2	0.0	3.3	1012.5
Total Proved	2,097.9	879.4	117.4	20,654.6	1,917.1	831.2	88.8	17,231.9
Total Probable	591.8	236.0	45.4	6,813.4	514.5	220.6	33.1	5,620.5
Total Proved plus Probable	2,689.7	1,115.4	162.8	27,468.0	2,431.6	1,051.8	121.9	22,852.5

Net Present Value of Future Net Revenue of Oil and Gas Reserves

	Before Future Income Tax Expenses and Discounted at				
	0%	5%	10%	15%	20%
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
Proved					
Developed Producing	150,218	132,998	119,228	108,347	99,599
Developed Non-Producing	8,288	7,373	6,701	6,180	5,760
Undeveloped	3,863	3,102	2,478	1,973	1,564
Total Proved	162,368	143,473	128,407	116,501	106,923
Total Probable	53,090	37,971	28,149	22,357	18,218
Total Proved plus Probable	215,458	181,263	156,826	138,858	125,141

The following table sets out the Trust's undeveloped land holdings as at December 31, 2005.

	Undeveloped Acres	
	Gross	Net
British Columbia	27,936	7,455
Alberta	300,899	109,685
Saskatchewan	16,769	7,562
Total	345,604	124,702

The Trust estimates the value of this land at approximately \$10.0 million based on a third party evaluation by Seaton – Jordan & Associates effective September 30, 2005.

2. ENERGY - Energy Service Operations

The Energy Services division ended 2005 focused on essential production services to the oil and gas industry through six operating companies in two broad business lines. Three of the operating companies; Cascade, Westvac and Richmond provide truck based services including fluid hauling, vacuum, pressure, steaming, hot oiling and hydro-excavation services to oil and gas operators. These services are essential to maintain production, support new operations and the maintenance of production facilities. The other three operating companies; Millard, Endless and Cardinal provide rig based services with service rigs, coiled tubing rigs and flush-by's. These companies focus on the completion, repair and maintenance of producing wells. All of these services are essential to maintaining production and efficient operations. The addition of the swab rigs and flush-by of HK Well Service in 2006 greatly enhances the Trust's position in providing these rig based services to the oil and gas industry.

The Energy Service Unit enjoyed a record quarter as steady utilization and improved rates managed to provide a cushion against increasing fuel and labour costs. Revenue grew from \$9.9 million in the third quarter of 2005 to \$13.1 million in the fourth. Compared to 2004, fourth quarter revenue increased from \$2.4 million to \$13.1 million. Direct costs averaged 53% of revenue while G&A expense is approximately 17%. It is anticipated that drilling activity and other upstream capital expenditures by oil and gas operating companies may not increase as rapidly in 2006 as in past years or may even shrink slightly due to the softening of natural gas prices and the supply situation in the crude oil market. Any such slowing of expenditures is unlikely to affect the Trust's Energy Service Unit as very little of the Unit's revenue is derived from drilling related activities. The large and growing number of producing wells in western Canada ensures steady work for services such as those provided by the Trust. In fact, a slowdown in the upstream part of the business might help reduce the cost pressure resulting from the current shortage of skilled labour throughout western Canada and stabilizing oil prices will help alleviate the rising fuel costs absorbed by the Unit.

The Trust is also investing to expand the vehicle fleets of the Unit. Millard Oilfield has taken delivery in March 2006 of a new service rig to expand the fleet to six. Cardinal has three new flush-by's on order to increase the fleet from nine to twelve while Endless Tubing has one new coiled tubing rig on order. Approximately \$4.0 million in new equipment of various types is on order for Westvac and Cascade for delivery in 2006.

3. FINANCIAL SERVICES

At December 31, 2005 the Trust's financial services business unit, Avenir Financial Services Limited Partnership consisted of:

i. ENERVEST LIMITED PARTNERSHIP – MANAGEMENT CONTRACT

On October 4, 2005, the Trust was pleased to add to the Financial Services business unit with the acquisition of the joint venture that is the sole shareholder of the EnerVest Management Company, Manager of the EnerVest Diversified Income Trust ("EnerVest"), the EnerVest Natural Resource Fund and the Enervest Flow-Through Limited Partnerships. Cypress Capital Management Ltd. ("Cypress") remains as investment manager of EnerVest. The sale of the joint venture interests had no impact on the investment management agreement between the EnerVest Management Company and Cypress and EnerVest will operate independently of Avenir. There is no change in the investment objective or strategy of EnerVest, the key components of which are to: maximize monthly distributions relative to risk, maximize net asset value over the Trust's life and maintain a diversified portfolio to reduce investment risk.

The Trust paid \$125.9 million for EnerVest based on the long-term management contracts of EnerVest and the Trust expects that the acquisition will add approximately \$14.0 million annually of stable distributable cash flow and further diversifying the Financial Services division. The Canadian Department of Finance's announcement expressing concerns about "tax leakage" with income trusts had an impact on the value of assets under management by EnerVest during the 4th quarter in 2005. The reversal of the decision from the Department of Finance in late November resulted in assets under management returning to their pre-announcement level. Despite temporary reduction in the value of the assets under management, the revenues and distributable cash flow of EnerVest slightly exceeded expectations.

Since the acquisition of the management agreement, assets under management have increased by over \$400 million. On November 22, 2005, EnerVest Diversified Income Trust completed an exchange offer for net proceeds of \$107.7 million and on February 24, 2006, closed a rights offering for net proceeds of \$281.5 million. In October 2005, an additional \$15.0 million was raised for the EnerVest FTS Limited Partnership 2005. All of these offerings increase the distributable cash flow to the Avenir Trust by way of additional management fees. The Trust believes the EnerVest assets will continue to increase through organic growth.

ii. ELBOW RIVER RESOURCES MARKETING LP

On April 1, 2005, the Trust closed on an agreement to acquire Elbow River Resources Ltd. ("Elbow River"), a wholesale broker, transporter and supplier of butane to major refineries and propane to major retailers in the United States, Canada and Mexico. Consideration for the transaction was \$57.8 million, consisting of \$51.8 million cash and \$6 million in the form of escrowed Trust Units, subject to normal course purchase adjustments.

Elbow River exceeded their 2005 nine-month budget by approximately \$3.3 million. This was due to an exceptionally strong fourth quarter despite below average second and third quarters. Fourth quarter 2005 butane sales were at record levels as the major hurricanes resulted in strong gasoline demand, strong propane sales in December due to early winter weather throughout the U.S., and the specialty products business showed strong growth.

First quarter 2006 is anticipated to be slightly under budget as warm weather blanketed North America at the commencement of 2006 which resulted in virtually no incremental propane demand. The remainder of 2006 is projected to be at or above budget due to continued growth in the specialty products area and good opportunities to profit in propane and butane due to volatility in the market to date.

iii. FINANCIAL SERVICE CONTRACTS

In January 2003, Avenir Financial Services Partnership initially acquired a financial services contract with an affiliate of a financial services provider, RentCash Inc. ("RentCash"), to provide funding of \$600,000 for a cash advance company. RentCash provides cash advance, cheque cashing and payday loan services. The Trust expanded its business in the first half of the year with RentCash by entering into additional contracts and at the end of December 2005 there were \$19.9 million in contracts outstanding.

The Trust is satisfied the principal loaned is secure and has been paid all interest owing as at December 31, 2005. Although the Trust has not expanded its financial service contracts portfolio since mid year, it continues to be comfortable with the investment and returns based on results to date.

4. REAL ESTATE

The Trust's acquisition of Western Spirit Investments Ltd. in March of 2004 became the founding corner stone to the real estate business unit in 2005.

Subsequent to the end of the 2005, on January 31, 2006, the Trust purchased the remaining 50% ownership of its Vaughan, Ontario Snidercroft building from an arm's length third party for \$1.85 million.

The Real Estate business unit currently has over 400,000 square feet of commercial properties located in Toronto and London, Ontario and Edmonton and Calgary, Alberta of which 95% is currently leased.

CONSOLIDATED BALANCE SHEETS

As at December 31,

	2005	2004
	\$	\$
ASSETS		
Current		
Cash	6,767,724	327,217
Restricted cash	366,057	160,227
Accounts receivable and prepaid expenses	95,663,009	9,847,972
Inventory	31,786,855	—
Marketable securities	12,500	—
Notes receivable	1,050,000	—
Risk management asset	—	1,147,127
	135,646,145	11,482,543
Property and equipment	204,615,394	120,822,688
Investment in financial services contracts	20,440,209	12,472,055
Intangibles and other assets	146,572,446	2,356,422
Goodwill	76,352,738	8,181,145
	583,626,932	155,314,853
LIABILITIES AND UNITHOLDERS' EQUITY		
Current		
Bank indebtedness	58,881,771	31,475,000
Accounts payable and accrued liabilities	68,922,316	9,470,009
Distributions payable	4,883,041	1,237,182
Deferred revenue	200,439	230,805
Due to non-controlling interest owner	43,674	66,667
Risk management liability	5,256,170	—
Notes payable	7,500,000	—
Current portion of capital lease obligations	155,127	32,459
Current portion of long-term debt	1,159,521	693,888
Current portion of mortgages	7,684,571	5,024,920
	154,686,630	48,230,930
Capital lease obligations	325,521	—
Mortgages	6,203,933	7,108,761
Long-term debt	1,124,424	911,775
Asset retirement obligation	11,479,561	8,033,301
Future income taxes	20,123,076	9,626,982
Non-controlling interest	1,004,965	259,755
Commitments and contingencies		
Unitholders' equity		
Unitholder capital	401,918,365	84,662,250
Contributed surplus	2,136,030	322,064
Accumulated earnings	27,623,526	4,684,187
Accumulated cash distributions	(42,999,099)	(8,525,152)
	388,678,822	81,143,349
	583,626,932	155,314,853

Avenir Diversified Income Trust

**CONSOLIDATED STATEMENTS OF
OPERATIONS AND ACCUMULATED EARNINGS**

For the year ended December 31,

	2005	2004
	\$	\$
REVENUE		
Oil and gas revenue	57,070,728	16,528,426
Oil and gas transportation costs	(888,393)	(264,953)
Royalties, net of ARTC	(9,098,703)	(2,875,692)
Unrealized gain (loss) on financial instruments	(6,415,712)	1,159,542
	40,667,920	14,547,323
Real estate revenue	2,946,194	2,018,475
Energy services revenue	33,867,321	3,877,905
Financial services revenue	291,318,820	1,358,908
Interest and other revenue	133,345	104,705
Gain on sale of property and equipment	228,424	—
	369,162,024	21,907,316
EXPENSES		
Oil and gas operating	13,867,868	3,089,847
Real estate operating	912,626	753,942
Energy services operating	17,837,423	1,915,684
Financial services operating	269,092,359	12,000
General and administrative	15,993,931	3,342,700
Foreign exchange	(6,528)	—
Short-term interest and bank fees	2,014,725	405,300
Long-term interest	1,006,416	712,138
Capital taxes	601,891	138,598
Depletion, depreciation and amortization	27,707,984	7,212,726
Asset retirement obligation accretion	759,689	241,948
	349,788,384	17,824,883
Income before income tax and non-controlling interest	19,373,640	4,082,433
Future income tax recovery	3,827,815	—
Net income before non-controlling interest	23,201,455	4,082,433
Non-controlling interest	(262,116)	(67,982)
Net income for the year	22,939,339	4,014,451
Accumulated earnings, beginning of year	4,684,187	669,736
Accumulated earnings, end of year	27,623,526	4,684,187
Net income per unit		
Basic	0.90	0.71
Diluted	0.90	0.70

Avenir Diversified Income Trust

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31,

	2005 \$	2004 \$
OPERATING ACTIVITIES		
Net income for the year	22,939,339	4,014,451
Add (deduct) non-cash items:		
Gain on sale of property and equipment	(228,424)	—
Non-cash general and administrative	1,833,070	202,196
Depletion, depreciation and amortization	27,707,984	7,212,726
Asset retirement obligation accretion	759,689	241,923
Unrealized loss (gain) on financial instruments	6,415,712	(1,159,542)
Unrealized foreign exchange	281,262	—
Future income tax recovery	(3,827,815)	—
Non-controlling interest	262,116	67,982
Funds from operations	56,142,933	10,579,736
Asset retirement costs incurred during year	(284,360)	—
Change in non-cash working capital	(56,605,025)	(2,888,095)
Cash (used in) provided by operating activities	(746,452)	7,691,641
FINANCING ACTIVITIES		
Issue of trust units, net of issue costs	302,320,650	63,817,796
Distributions to unitholders	(30,828,088)	(5,676,063)
Increase in bank indebtedness	16,146,870	26,970,000
Increase in notes payable	7,500,000	—
Increase in notes receivable	(1,050,000)	—
Repayment of subordinated debt	(192,271)	—
Increase in mortgages	4,118,411	—
Repayment of mortgages	(2,363,588)	(313,649)
Repayments of capital lease obligations	(110,515)	(61,162)
Increase in long-term debt	266,233	408,645
Repayment of long-term debt	(3,796,395)	—
Change in non-cash working capital	(287,811)	—
Cash provided by financing activities	291,723,496	85,145,567
INVESTING ACTIVITIES		
Purchase of Western Spirit Investments Ltd.	—	(3,557,647)
Purchase of Cascade Services Partnership	—	(3,492,451)
Purchase of Indy Oilfield Ltd.	—	(265,961)
Purchase of Val Vista Energy Ltd.	(13,043,076)	—
Purchase of Elbow River	(52,614,262)	—
Purchase of Endless Tubing	(11,168,203)	—
Purchase of Makah	(28,229,662)	—
Purchase of Enervest	(125,893,327)	—
Other energy services acquisitions	(28,618,789)	—
Oil and gas property acquisitions	(3,090,790)	(74,269,334)
Oil and gas property disposals	7,679,390	1,513,906
Oil and gas development expenditures	(8,967,731)	(1,965,020)
Purchase of energy services assets	(12,502,603)	(2,196,693)
Proceeds on sale of energy services assets	69,066	—
Purchase of other assets	(283,006)	(37,329)
Purchase of financial services contracts	(11,018,930)	(9,243,520)
Redemption of financial services contracts	3,000,000	—
Financial services development expenditures	(70,335)	—
Purchase of real estate properties	(2,915,290)	—
Real estate development expenditures	(162,355)	—
Proceeds on sale of real estate properties	3,718,794	—
Restricted cash	(205,830)	178,723
Change in non-controlling interest	241,071	—
Changes in non-cash working capital	(460,669)	568,463
Cash used in investing activities	(284,536,537)	(92,766,863)
Increase in cash during the year	6,440,507	70,345
Cash, beginning of year	327,217	256,872
Cash, end of year	6,767,724	327,217
Cash interest paid	2,693,292	1,003,405

For further information please contact:

Avenir Diversified Income Trust
Suite 300, 808 – 1st Street S.W.
Calgary, Alberta T2P 1M9

William Gallacher or *Gary Dundas*
President & CEO Vice President, Finance & CFO

Telephone: (403) 237-9949 Facsimile: (403) 237-0903

The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.